

§§ 1735.96–1735.99

an acquisition or merger shall be advanced only to the survivor and only under the following circumstances.

(1) If the funds are to be used for purposes approved in prior loans, the funds shall be advanced after the effective date of the proposed action only when all loan contract prerequisites have been met and documents have been submitted in form and substance satisfactory to the Administrator.

(2) If the funds are to be used for new purposes, then in addition to the requirements in (a)(1) of this section, RUS must also approve the change in purpose.

(b) No loan or other money in the construction fund shall be used to finance facilities outside areas to be served by projects approved by RUS.

§§ 1735.96–1735.99 [Reserved]

Subpart J—Toll Line Acquisitions

§ 1735.100 Use of loan funds.

An acquisition of toll line facilities financed with loan funds must be necessary and incidental, as determined by the Administrator, to furnishing or improving telephone service in rural areas. The borrower shall submit to RUS the acquisition agreement, the original cost less depreciation of the facilities, any concurrences with the connecting companies involved, and a detailed inventory of the facilities to be purchased. The borrower must submit to RUS evidence, satisfactory to the Administrator, of the borrower's ownership of the toll line facilities before loan funds for improvement of those facilities will be advanced.

[54 FR 14626, Apr. 12, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990]

§ 1735.101 With nonloan funds.

When an acquisition is limited to toll line facilities and loan funds are not involved, RUS approval of the acquisition is not required. The borrower, however, shall submit to RUS for its approval all concurrences with the connecting companies involved and any other proof of ownership of the toll facilities required by RUS.

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7 CFR Ch. XVII (1–1–05 Edition)

PART 1737—PRE-LOAN POLICIES AND PROCEDURES COMMON TO INSURED AND GUARANTEED TELECOMMUNICATIONS LOANS

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Subpart A—General

§ 1737.1 General statement.

(a) This part prescribes policies, procedures and responsibilities relating to applications for RUS loans to finance the improvement and extension of telephone service in rural areas. Requirements for both initial and subsequent loans are discussed, with differences pointed out.

(b) This part sets forth the policies, procedures, and requirements of RUS during the period from the receipt of a completed loan application until the advance of funds. This part sets forth the factors RUS considers in determining the characteristics of a loan, such as the amount of the loan, and conditions to the advance of funds. Involved in this determination are:

A loan budget, feasibility study, characteristics letter, loan recommendation, and release of funds. This CFR part supersedes all RUS Bulletins that are in conflict with it.

(c) See 7 CFR part 1735 on general loan policies, 7 CFR part 1737 for details on submitting a loan application, and 7 CFR part 1744 on the advance of funds.

§ 1737.2 Definitions.

As used in this part:

Access line means a transmission path between user terminal equipment and a switching center that is used for local exchange service. For multiparty service, the number of access lines equals the number of lines/paths terminating on the mainframe of the switching center.

Acquisition means the purchase of another telephone system, lines, or facilities whether by acquiring telephone plant in service or majority stock interest of one or more organizations.

Administrator means the Administrator of RUS.

Area Coverage means the provision of adequate telephone service to the widest practical number of rural users during the life of the loan.

Advance of funds means the transferring of funds by RUS to the borrower's construction fund.

Borrower means any organization which has an outstanding loan made or guaranteed by RUS, on which is seeking such financing.

Characteristics letter means the letter informing the borrower of the characteristics of the proposed loan before the loan is recommended.

Feasibility study means the pro forma financial analysis performed by RUS to determine the economic feasibility of a loan.

Forecast period means the time period beginning on the date (base date) of the borrower's balance sheet used in preparing the feasibility study and ending on a date equal to the base date plus the number of years estimated in the feasibility study for the completion of the project. Feasibility projections are usually for 5 years, see §1737.70(a). For example, the forecast period for a loan based on a December 31, 1990 balance sheet and having a 5-year estimated project completion time is the period from December 31, 1990 to December 31, 1995.

Guaranteed loan means a loan guaranteed by RUS under section 306 of the RE Act bearing interest at a rate agreed to by the borrower and the lender.

Hardship loan means a loan made by RUS under section 305(d)(1) of the RE Act bearing interest at a rate of 5 percent per year.